

## **FISCAL NOTE**

### **SB 3444 - HB 3483**

February 7, 2008

**SUMMARY OF BILL:** Authorizes every child in Tennessee under the age of 24 whose parent retired with at least 25 years of full-time creditable service as a certified teacher in Tennessee, to receive a 25% discount on tuition to any state-operated institution of higher education.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$349,100 FY08-09  
\$373,300 FY09-10**

#### Assumptions:

- Lost revenues to higher education institutions would be replaced with state funds rather than higher tuition and fees.
- Approximately 69% or 23,470 retired teachers retired with 25 or more years of service.
- There are 4,815 retired teachers who are 59 years of age or younger. Approximately 69% or 3,322 retired teachers would have eligible dependents.
- The estimated participation rate for teacher dependents is 18.2%. This represents the number of retired teachers currently participating in the fee discount program to the total number of certificated personnel in the public school systems.
- An estimated 605 full-time (FTE) students/dependents of retired teachers are expected to take courses (3,322 x 18.2%).
- The 25% tuition discount for each FTE student/dependent is estimated to be \$577 in FY08-09 and \$617 in FY09-10.
- First year costs (FY08-09) are estimated to be \$349,085 (605 x \$577 per FTE student).
- Second year costs (FY09-10) are estimated to be \$373,285 (605 x \$617 per FTE student).
- Tuition is estimated to increase at an average rate of 7% per year.
- The cost of the Fee Discount for Teacher Dependent Program (FY04-05) was \$6,352,782. Of this amount, the state reimburses the schools between 23%-25% of the cost of the program. This program is not based on space availability. All eligible students would be allowed admittance.

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- The children of teachers receiving tuition discounts for previous years provide a fair representation of children expected to receive tuition discounts in the future, adjusted for an expected participation rate for children of retired teachers in proportion to current participants.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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